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The Return to Protection. By WILLIAM SMART. London, Macmillan and Company, Ltd., 1904. — 284 pp.

Fifty Years of Progress and the New Fiscal Policy. By LORD BRASSEY. London, New York and Bombay, Longmans, Green & Company, 1904. — 111 pp.

Protection in Germany. By W. HARBUTT DAWSON. London, P. S. King & Company, 1904. — 259 pp.

Protection in Canada and Australasia. By C. H. CHOMLEY. London, P. S. King & Son, 1904. — 195 pp.

Protection in the United States. By A. MAURICE LOW. London, P. S. King & Son, 1904. — 167 pp.

Die Eisenbahntarife in ihren Beziehungen zur Handelspolitik. Von DR. ERNST SEIDLER und ALEXANDER FREUD. Leipzig, Dunccker und Humblot, 1904. — 189 pp.

The books called into being by Mr. Chamberlain's proposed change in the fiscal policy of Great Britain already make a respectable library; and there is as yet no sign of a lessening output. Of the works on this subject published in the current year, perhaps the most important, and certainly the most readable, is Professor Smart's *Return to Protection*. It is designed to meet the needs of readers of intelligence and common sense who are not familiar with the technical terms of economics or with even the better known principles of trade and industry. Accordingly the work is practically an elementary treatise on international trade, with special reference to the fiscal problem. As such it has scarcely an equal; and it is to be hoped that it may find a wide circulation in this country as well as in Great Britain.

Professor Smart is uncompromising in his advocacy of free trade as the only satisfactory policy for the United Kingdom of to-day. He emphasizes the fact that for a free-trade country to go over to a protectionistic basis involves no less of painful readjustment than is involved in a change from protection to free trade. But quite apart from the difficulties of readjustment, he is inclined to deny the validity of the familiar arguments for protection. A scientific system of protection involves endless theoretical difficulties. Political exigencies would make impossible the adoption of such a system, if an omniscient theorist should arise to construct it. Retaliatory tariffs he considers more dangerous to the country which employs them than to the coun-

tries against which they are directed. Finally, the author inquires into the alleged decline of Great Britain and demonstrates it to be a myth, and examines the advantages of an imperial customs union, which prove to be insignificant, if not quite illusory.

Lord Brassey's *Fifty Years of Progress* covers much the same ground and takes the same point of view. But while Smart is persuasive, Lord Brassey is dogmatic. Smart's style is lively and entertaining; Brassey's is meagre, disjointed, at times tedious. As an expression of the views of a man of affairs and a scholar, Lord Brassey's little book will be read with interest.

Protection in Germany, Protection in Canada and Australasia, and Protection in the United States are three of a series of popular works upon protection in various countries, published with a view to throwing light upon the British fiscal problem. Mr. Dawson's narrative of the events that led to the inauguration of an imperial protective policy in Germany is very instructive. A policy which began with the wholly reasonable purpose of providing the Empire with independent revenues has gradually and irresistibly degenerated into a mere vulgar protection of selfish interests because these interests happen to hold a strategic position which makes it possible for them to enforce their demands. At present they demand virtually a guarantee of interest on capital and rent of land. In order to preserve the great landowner from ruin, which would often be but the just due of his incompetence, every laborer of the kingdom is compelled to eat dear bread and meat — if not to dispense altogether with the latter. In a comparison of the relative conditions of the British and the German laborers, the author attempts to show how far protection has injured the latter. It is somewhat amusing to find this fallacious comparison of incomparables, which in our own country has done such good service for protection, marshalled among the arguments for free trade.

It may not be amiss to call attention to a few errors that escaped the author's revision. On page 4 he speaks as though discrimination in favor of importation of raw materials were an innovation upon mercantilistic policy. On page 19 he represents the Customs Union, consisting of eighteen states, among them Prussia, as comprising an area of only 7,719 square miles. The statement on page 97 that cost of living has increased does not seem to be in harmony with the description in the same chapter of a universal fall in prices. On page 150 it is stated that the cotton spinners wanted low duties on yarn while the weavers wanted high duties — an example of altruism, if the statement is correct, without parallel in the annals of protection.

Mr. Chomley's brief study of protection in Canada will be of interest to both American and English readers, since influential political parties in each country seek to enter upon closer commercial relations with Canada. In spite of his free-trade bias, Mr. Chomley admits that Canada is now committed to the policy of protection to infant industries, and will hardly be induced to enter upon policies of preferential treatment or reciprocity which would reduce substantially the duties on manufactures. In his discussion of protection in Australasia Mr. Chomley comes to similar conclusions. Australasia does not choose to let England do her manufacturing. Whether the protective policy of the Australasian colonies has been to their advantage or not it would be impossible to say. The author questions the advantages of protection in these colonies, and ascribes the continuance of the policy, in some of them at least, to the accidental fact that the advocates of free trade have been largely conservatives and hence have failed to secure the support of the powerful laboring class.

Mr. Low's *Protection in the United States* consists of a brief historical sketch of the evolution of the American system, and a somewhat elaborate statement of the theoretical basis of protection, as the author views it. The first part may be dismissed with a few words. Students of protection are gradually coming to doubt the possibility of any historical proof of the expediency or in expediency of a protective system. In American economic history, at any rate, so many powerful influences have been operating simultaneously that to isolate one and measure its effect is impossible. Of this Mr. Low is aware, yet he continually implies that depression or prosperity in a given period is directly traceable to fiscal policy — except when prosperity attended the low tariff of 1842. For this prosperity Mr. Low seeks other causes, since he is an avowed protectionist.

There is need for a clear and simple restatement of the case for protection; but one who seeks to find it in Mr. Low's book will be disappointed. The author has collected all the arguments he can find for protection, whether in Republican campaign literature or in the works of List or Patten, and he adopts them all uncritically. Accordingly it is not surprising that some of his arguments are incompatible with others. Thus, for example, he holds that permanent protection alone can enable the American manufacturer to meet the cost of high wages; yet he lays down the "axiom" that high wages always represent low labor-cost — that American labor at \$1.50 a day is cheaper than Indian labor at 12½ cents. He admits that the tariff raises prices, yet he apparently believes that the foreigner "pays the tax." He is,

moreover, extremely infelicitous in his choice of statistical proofs. Thus on page 60, in order to create a presumption that the tariff raises wages, he gives a table comparing wages in England and the United States in fifteen trades. Without exception, the trades are such as gain nothing whatever from the tariff, *e.g.*, carpenters, upholsterers, compositors. On page 85 he attempts by a comparison of maximum prices in New York and London to disprove the assertion that prices are raised by the duty. If the commodities had been correctly selected, *i.e.*, if they had been commodities which are normally imported into the United States, any statistician would nevertheless reject at once deductions based upon maximum, not average prices. But the commodities selected are flour, bacon, hams, butter, beef and eggs, all of which we export — indeed in four of the cases, the London prices are for American products. And this is his sole proof that the tariff does not raise prices! Clearly nothing more is needed to show that the author is not equal to the task he has undertaken.

The little work on *Die Eisenbahntarife*, will serve to bring home to us the truth that American protectionists are raw apprentices in the art of customs exactions, as compared with the protectionists of the continent of Europe. The two cardinal points of a properly developed commercial policy are the exclusion of the foreigner from one's own market and the intrusion of one's goods into the foreigner's market. The first is easy; the second requires genius; and in it our science is *nil*. So skilful have the continental diplomatists become in getting the better of each other by the ordinary methods of customs wars that further gain to any nation requires the development of a new arm; and this our author finds in the manipulation of freight rates. If the importer succeeds in scaling the customs wall, we should clap such high rates upon his goods that he will be unable to carry them far from the frontier. We should reduce export charges, until national produce can compete even in protected foreign markets. If another nation uses our railways to reach a neutral market, we should discriminate against its goods. Canadian goods bonded through to England should be burdened as heavily as possible, since thereby we would check the development of a competitor. True, our railways would lose freight, but "we have passed beyond the naïve view-point which regards private interests as paramount."

So much for the ideal. The author is grieved to confess that as yet railway policy is in the main tainted by free-trade principles. True, most continental states give reduced rates on the national roads to export products. Many of them, notably Italy and Hungary, through

reduction of rates for special towns in which foreign goods are not normally reloaded, and the maintenance of high general rates to which all goods of foreign origin are subjected, manage to grant a measure of surreptitious protection to the domestic producer. Low rates are charged from the center toward the frontier, high rates in the reverse direction. Low rates are sometimes granted to goods brought to specific stations by wagon road or private track. To enjoy these rates, through freight would have to be unloaded, hauled into the country and back again to the station. Clearly, here is a vast field for the exercise of ingenuity. Our author confidently promises such developments for the future. And this suggests, perhaps, a new possibility which should be considered by those who advocate nationalization of railways as a cure for the evil of discriminations. How long would it be before our national railroads would be captured by the protectionists? In such an event, it is easy to foresee an endless array of vexatious discriminations, successfully defended on the ground of patriotism.

ALVIN S. JOHNSON.

Methods of Industrial Peace. By NICHOLAS P. GILMAN. Boston, Houghton, Mifflin & Co., 1904. — 436 pp.

In view of the work which the National Civic Federation is attempting to do, and is doing, in promoting industrial peace, and of the aroused public interest in this subject since the anthracite coal strike of 1902, Mr. Gilman's latest book is an exceedingly timely one. It is not only timely, it is of permanent value as a contribution both to economic science and social policy. Those who are familiar with his earlier books on *Profit Sharing* and *A Dividend to Labor* will find in this work the same careful thoroughness, impartiality of statement and sanity of view which characterized them, — and something too of the same optimism. Mr. Gilman holds a brief for neither labor nor capital, but rather for the oft-forgotten third party in all labor controversies — the public. The purpose of his book is not so much to describe the conditions of peaceful industry as the methods whereby an interruption of these conditions may be prevented.

"Peace," says Mr. Gilman, "reigns in industry when the two parties are for the time fairly well satisfied with the *status quo*." A single chapter is devoted to a description of the industrial position of the two parties and to the associative character of modern industry. Two chapters describe the combinations of employees and employers, while the next thirteen present the various methods of securing or maintain-